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## POLITICAL OUTLOOK FOR THE PHILIPPINE REPUBLIC OVER THE NEXT FEW MONTHS

*Submitted by the*

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*The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.*

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## POLITICAL OUTLOOK FOR THE PHILIPPINE REPUBLIC OVER THE NEXT FEW MONTHS<sup>1</sup>

### THE PROBLEM

To estimate political developments in the Philippines and trends in US-Philippine relations over the next few months.

### CONCLUSIONS

1. At this stage in the election campaign the Nacionalista party appears to have a clear edge. We believe that the Liberal party candidates, Yulo and Macapagal, rate considerably higher as individuals than the Nacionalista candidates, Garcia and Laurel, Jr., in terms of ability, adherence to principle, and concern with improving conditions in the Philippines and with good US-Philippine relations. However, in these same terms there is little to choose between the two parties, and both major candidates are beholden to special interest groups. (*Paras. 15, 17-18*)

2. The Progressive party and its presidential candidate, Manahan, have a legitimate claim to the mantle of Magsaysay

and would probably push reform measures, honest government, and good US-Philippine relations. However, the party lacks organizational strength and financial backing, and Manahan's chances of victory are slight. (*Paras. 12-13*)

3. Regardless of the outcome of the elections, the Philippine government will probably lack the degree of stability, sense of direction, and public confidence it had under Magsaysay. Under either the Nacionalista or Liberal party, corruption will probably increase, privileged groups will probably exercise increased influence on the government, and there will be a halt to effective economic development and social reform. Thus, a trend will be initiated toward the venal and expedient administration of public affairs that characterized the pre-Magsaysay era. As such a trend progressed, public reaction would take the form of widespread unrest which might, in time, either build up to a serious economic and social upheaval or degenerate into gen-

<sup>1</sup> This estimate supplements NIE 66-57, "Political Outlook for the Philippine Republic During 1957," 12 February 1957, superseding the political section of that estimate in the light of Magsaysay's death. We believe the sections of that estimate regarding the Communist threat, economic prospects and US-Philippine relations, excepting those references to Magsaysay, remain valid.

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eral political apathy. In either event a climate favorable for Communist subversion would be created. (*Paras. 21-23*)

4. The base issue, particularly the problems of criminal jurisdiction and of demarcation of base areas, will continue to cause friction and irritation in US-Philippine relations. For the short term however, we do not believe that the Philippines will take any action which would seriously jeopardize US military base

rights. The bulk of the Philippine population and most of the leaders will probably continue to recognize the necessity of reliance on the US for security and to favor continued cooperation with the general line of US policy in the Far East. The long term outlook is for the growth of nationalism, increased pressures for a more independent foreign policy, and a general loosening of ties with the US. (*Paras. 25-27*)

## DISCUSSION

5. During his tenure in office, President Magsaysay's rapport and great personal popularity with an overwhelming majority of the Philippine people, the strong appeal of his economic and social programs, and his remoulding of the armed forces, generated a high degree of public confidence in him and his administration, providing the Philippine political scene an important element of stability. With Magsaysay's death on 17 March, the way was opened for a return to government by and for special interest groups and to a political climate characterized by intrigue, corruption, and venality. Although the leading candidates for president in the 12 November elections recognize the political wisdom of attempting to assume the mantle of Magsaysay, none of them has his unique hold on the public imagination or his combination of leadership, idealism, and the common touch.

### PARTIES AND CANDIDATES

6. *Nacionalista Party*: The Nacionalista is the largest, the best organized, and the most liberally financed of the Philippine political parties. At present, it controls the presidency, 23 of the 24 Senate seats, and an overwhelming majority in the House of Representatives.<sup>2</sup> Although Magsaysay was never

firmly committed to any party, he was elected on the Nacionalista ticket. During the latter part of his tenure there was considerable estrangement between Magsaysay and the old guard Nacionalista leaders who represent the semifeudal privileged groups. While none of the party leaders dared openly oppose Magsaysay for the presidency, upon his death a large number of them aspired to the office and their rivalry for nomination was intense and bitter.

7. The Nacionalista party convention in July nominated Carlos P. Garcia as candidate for president but remained deadlocked over the selection of a vice presidential candidate. A week after the close of the convention the party executive committee selected Jose Laurel, Jr. as Garcia's running mate. Garcia, who as vice president succeeded to the presidency upon Magsaysay's death, is identified with the party's old guard. After becoming president he attempted to identify himself with Magsaysay's foreign and domestic policies, and he has sought to retain the support of some of Magsaysay's closest advisers, but without notable success. Garcia, now 61 years of age, served without distinction as minister of foreign affairs in Magsaysay's cabinet, and he never had Magsaysay's full trust and confidence. He has had nearly 40 years experience in politics and public administration, including three terms as governor of Bohol province. Garcia has been a loyal Nacionalista party

<sup>2</sup> Eight of the 24 Senate seats and all of the 102 seats in the House are at stake in the November elections.

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wheel horse rather than a political leader in his own right. However, as president and during the preconvention maneuvering he demonstrated considerable political skill and he refused to withdraw as a candidate for nomination despite threats and strong pressures from powerful party leaders. Garcia undoubtedly had to make extensive commitments to secure the Nacionalista nomination, including the acceptance of Jose Laurel, Jr. as his vice presidential candidate.

8. Laurel, Jr., presently Speaker of the House, is one of the more rabid nationalists in the Nacionalista party and has often been outspokenly anti-American. At the age of 46, his personal reputation is innocent of any suspicions of integrity, morality, or intellectual stability. His exploits and public demonstrations as a philanderer and his addiction to cafe brawls have earned him the strong disapprobation of the Catholic Church, an important political force in the predominantly Catholic Philippines. More fundamental to the Church's opposition to the Nacionalista vice presidential nominee is the anticlerical attitude of the Laurels, who clashed most recently with the Church over the inclusion in the public school curriculum of Filipino revolutionary classics sharply critical of the Church's historical role in the Philippines. Laurel, Jr. is extremely ambitious and ruthless in his efforts to achieve political power. His greatest assets are his oratorical skill and the support of his father, Jose P. Laurel, Sr., one of the Philippines' leading political figures and a major power in the Nacionalista party who also has had aspirations for the presidency. The nomination of Laurel, Jr. was a strain on the Nacionalista party's tenuous unity. It increased the possibility of some splintering of the party and caused a considerable number of defections by disillusioned Magsaysay followers and Laurel rivals.

9. *Liberal Party:* Traditionally, the Liberal party (with which Magsaysay was originally associated) has been more sympathetic to the US than the Nacionalista. Its reputation for venality and corruption under President Quirino together with Magsaysay's switch of parties to become the Nacionalista presidential

candidate, led to its defeat in the 1953 elections. Nevertheless, it won about 40 percent of the vote and a substantial number of governorships, mayoralities, and seats in the House, thus preserving a precinct-level party apparatus. A close bond of personal friendship and sympathy continued between some Liberal party leaders and Magsaysay. If Magsaysay had lived, there were indications of a rapprochement between him and the party despite the mutual antipathy of Magsaysay and many old guard Liberal party leaders who were deeply involved in the corruption of the Quirino administration. The party includes many ultraconservatives, as well as many unprincipled opportunists thirsting for a return to public office.

10. The Liberal party candidates for president and vice president are Jose Yulo and Diosdado Macapagal. Yulo, who will be 63 years of age in September, is a wealthy sugar plantation owner, former president of the Nacionalista party (1941), former Speaker of the House, and the Liberal party's vice presidential candidate in the 1953 elections. For nearly a year prior to Magsaysay's death he was private economic adviser to the president and it was largely through his efforts that a Magsaysay-Liberal party rapprochement appeared to be developing. Although Yulo was closely associated in an advisory capacity with presidents Roxas and Quirino, he has managed to avoid public identification with gross corruption and is now associated with the more liberal and responsible wing of the Liberal party. Yulo is highly intelligent and appears to be generally pro-American. He has attempted to identify himself as the candidate favored by the US. He has not yet demonstrated the necessary political ability to attract mass popular support, and he is reported to be in poor health. These factors make more important the character and the potential of his vice presidential running mate.

11. Macapagal, a Liberal party member of the House since 1949, generally led minority support for Magsaysay's policies in that body. He has served with distinction as a member of the House appropriations and foreign affairs committees. At the age of 47, he has

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had extensive experience in international diplomacy and played a key role in maneuvering legislation through Congress enabling the Philippines to participate in the UN action in Korea and implementing the requirements for reform set down in the 1950 Bell report as requisites for US economic aid. He is a staunch anti-Communist and, although he has at times criticized aspects of US policy, his record indicates that he is intelligently pro-American. Macapagal is ambitious for the presidency. Magsaysay recognized Macapagal's ambitions and talents and, at one point during his maneuvers to obtain Liberal party support for the 1957 elections, promised Macapagal the post of foreign minister. Later, Magsaysay sought reassurance that Macapagal did not intend to seek the Liberal nomination. After Magsaysay's death, Macapagal was the first to propose the Yulo-Macapagal ticket. He is free of the stigma of scandal and corruption, has considerable administrative talent, and is an energetic worker.

12. *Progressive Party:* The Progressives are a group of Magsaysay followers who have banded together for the stated purpose of perpetuating the spirit of Magsaysay in Philippine government. The party grew out of the Magsaysay for President Movement, an organization formed to support Magsaysay's election in 1953 and later affiliated with the Nacionalista party. During Magsaysay's administration this organization was kept alive by the efforts of the then Secretary of Labor Adeveso and the backing of the President, but Magsaysay never developed its potential as a political organization or a personal political machine. Thus far the Progressives have no significant party organization and seriously lack financial backing. The party's greatest assets are its claim to the mantle of Magsaysay, the relative youth and energy of its members, and its presidential candidate, Manuel P. Manahan.

13. Manahan, a 41 year old journalist and a confident and loyal supporter of Magsaysay, has many of the qualities of the late president and probably would have been his choice as a successor in 1961. Manahan was a guerrilla leader during the Japanese occupation

and Magsaysay's adviser and bodyguard during the 1953 election campaign. As chief of the Presidential Complaints and Action Commission and later of the Bureau of Customs he demonstrated executive ability and earned a reputation for integrity, efficiency, and fearlessness in investigating and prosecuting graft and corruption. Although of Spanish ancestry, Manahan tends to identify himself with the common people. His reputation for honesty and his apparent sincerity have generated enthusiasm among voters in both urban and rural areas. He is favorably regarded by the Catholic Church. However, without the support of a fully developed party organization or of provincial and municipal officials loyal to him, his chances of victory are slight.

14. *Other Parties and Candidates:* Senator Claro Recto, who has been campaigning for the presidency for several months, has made little progress in building a national following for his ultranationalistic program and made a poor showing at the Nacionalista party convention. He has joined with Senator Lorenzo Tanada, who headed the nearly defunct Citizen's Party, to form the Nacionalist-Citizen's Party with a Recto-Tanada ticket for the elections. Although this team has no chance of winning, it will attract votes away from the Nacionalista party, particularly in urban areas and in the candidates' home provinces of Batangas and Quezon. The Philippine Communist party will probably continue its support of the Recto campaign, but it will have little or no influence on the voters. The only other element of possible significance is the Democratic party, the tool of the Lopez-Ledesma-Montelibano sugar bloc. Although not strong as a party, it is wealthy and has great potential influence through its extensive public media holdings. It will probably support and exert its influence through the Nacionalista party.

## THE OUTLOOK

### The Elections

15. At this stage in the campaign the Nacionalista party appears to have a clear edge. It has the advantages of incumbency, superior organization at both the national and pro-

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vincial levels, and financial resources including the backing of the largest part of the powerful sugar bloc. Furthermore, it may abuse its control of the administrative machinery to influence the outcome of the elections. On the other hand, there is a possibility of some further splintering of the party due to personal rivalries. The party appears well united in its support of Garcia. However, Garcia's deal to accept Laurel, Jr. as his running mate, although insuring the support of the powerful Laurel faction of the party, has deeply offended the Catholic Church, alienated a number of influential party members, and caused many Magsaysay supporters to leave the party. If the Nacionalistas should suffer defections by disgruntled party figures who control significant votes in the provinces, the present Nacionalista advantage could be considerably reduced. Already Senators Rodrigo and Rosales have announced they will not campaign for the party, probably because of Church opposition to Laurel, Jr., and Senator Paredes, who ran second in the vice presidential nominations, reportedly may release his sizable following in north Luzon to vote for whomever they please.

16. Important elements in the election outcome will be the position and degree of effort of the Catholic Church, and the possibility of a Liberal-Progressive merger. The Church is clearly opposed to the Nacionalista ticket, but it is not yet clear to what extent, or in what direction, it will seek to use its potentially great local influence. Liberal party chances of victory would be improved by a merger with the Progressives, and the Papal Nuncio is actively supporting such a move. A merger (in which Manahan would probably receive a position on the Liberal party senatorial slate) would give the resulting party a strong claim to the mantle of Magsaysay, bring new talent into the organization, and probably assure strong Church support. Furthermore, the addition of substantial numbers of Magsaysay followers to the Liberal party would help it offset the stigma of corruption which lingers from the Quirino administration, and, perhaps, might stimulate Yulo to purge the party of those old guard members still discredited by their activities in earlier administrations.

However, the Progressives do not appear to be taking any steps toward a merger with the Liberals, and, at present, it appears more likely that they will attempt to maintain their integrity as a reform party in hopes of replacing the Liberals as the second party in future elections.

17. On balance, the odds appear in favor of a Nacionalista victory. However, further splintering of the Nacionalista party, a concerted Church effort in opposition to the Nacionalistas, and a merger of the Liberals and Progressives, with a vigorous grass roots campaign by Yulo, Macapagal, and Manahan, could reduce the Nacionalista chances to about even.

### The Philippine Government

18. We believe that Yulo and Macapagal, as individuals, rate considerably higher than Garcia and Laurel, Jr. The Liberal candidates have greater ability, are more principled, and are more likely to be concerned with improving conditions in the Philippines and with good US-Philippine relations. However, in these same terms there is little to choose between the two parties. Both major candidates are beholden to special interest groups for their nomination and for continuing support.

19. The character of a Garcia-Laurel, Jr., administration would depend to a considerable extent on the role assigned to, or assumed by, Laurel, Jr. He and his father undoubtedly intend that his term as vice president be a springboard to the presidency in 1961, and their hold on Garcia is sufficient to insure that Laurel, Jr. will receive a prominent post in the cabinet. The two most likely possibilities appear to be the ministry of foreign affairs or the planned new ministry of interior. From the latter position he could build a personal machine of great power in the provincial administrations, and also undo the progress under Magsaysay in making the Philippine constabulary efficient and non-political.

20. Under the Philippine electoral system it is in practice possible for a president and vice president to be elected from different parties.

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Given the relatively greater national appeal of the Liberal nominee for vice president, there is a possibility of a Garcia-Macapagal outcome. In such a situation Macapagal's role in the administration would be uncertain; however, the prestige and influence of the Laurels would be severely damaged.

21. Regardless of the outcome of the elections, the Philippine government will probably lack the degree of stability and sense of direction it had under Magsaysay. Under either major party corruption will probably increase and special interest groups will probably exercise increased influence on the government. The difference between the two regimes would be primarily one of degree, with the Liberals being somewhat more inclined and better able to oppose a return to the pre-Magsaysay era of blatant graft and corruption. A Liberal-Progressive merger would increase the degree of difference. Either administration will find it difficult to withstand the growing pressures from special interest groups who would profit by scuttling the Central Bank's sound-money policies, by abusing the import restrictions designed to conserve foreign exchange, by mishandling Japanese reparations payments, and by discriminating against foreign business. Magsaysay did not succeed in eliminating these abuses, but the restraints which he imposed will no longer operate.

22. Although Magsaysay's social and land reform programs made little concrete progress, his evident sincerity of purpose sustained hope and confidence among the peasants. In the next administration, both the hope for reform and any chances for practical progress will probably be lost. Manahan would probably push hard for reform programs, but even if he and the Progressives should win they probably would not have, at least in the short run, the political strength to stand against the pressures from Congress and from the privileged economic and social groups for a return to "the good old days."

23. Thus, a trend will be initiated toward the venal and expedient administration of public affairs that characterized the pre-Magsaysay era. As such a trend progressed, public reac-

tion would take the form of widespread unrest which might, in time, either build up to a serious economic and social upheaval or degenerate into general political apathy. In either event a climate favorable for Communist subversion would be created.

24. During Magsaysay's period as president, corruption and political manipulation of the armed forces and constabulary were reduced to a minimum and efficiency and discipline greatly enhanced. The leaders of the armed forces appear to have recognized and accepted their role in a democracy of serving the legitimate authority of the state. However, most ranking officers have political sponsors and their promotions are made by a congressional Commission on Appointments. Under these conditions, and without the unifying force of Magsaysay, political pressures on the leaders of the armed forces will increase. If Laurel, Jr., or some other equally ambitious and unprincipled politician, should come into a position of authority over the military, the corruption of the armed forces, particularly the constabulary, could be accomplished over a relatively short period of time. In an increasingly unstable political situation and over the longer run, the leaders of the armed forces might seek to exert political power in their own right.

### US-Philippine Relations

25. Regardless of the outcome of the November elections, the formal ties between the Philippines and the US will remain, and the bulk of the Philippine population and most of the leaders will probably continue to recognize the necessity for reliance on the US for security and to favor cooperation with the general line of US policy in the Far East. The leaders of either administration — the Liberals somewhat less so than the Nacionalistas — will feel it to be profitable, in terms of both politics and diplomacy, to appeal to nationalist sentiment from time to time by criticizing US policy, and by permitting the exacerbation of relations on specific issues.

26. For the short term at least, we believe it unlikely that the Philippines will take any ac-

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tion which would seriously jeopardize US military base rights. However, the base issue will continue to be a source of friction and irritation in US-Philippine relations. The questions of criminal jurisdiction and of demarcation of base areas especially will remain active political issues.

27. In any case, we believe that, over the long run, the force of nationalism in the Philippines will continue to grow and that within the framework of dependence on the US there will be increased pressures for a more inde-

pendent foreign policy and a general loosening of ties with the US.

28. A return of political instability and semi-feudal government in the Philippines would probably have substantial adverse effects on the prestige of the Philippine government in the South and Southeast Asian area. It would also reduce or eliminate its effectiveness as an example of a working Asian democracy and as an ex-colonial country making political, social, and economic progress in association with the US.

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